

Message Text

PAGE 01 COLOMB 02459 020545Z

16

ACTION NEA-12

INFO OCT-01 ISO-00 AGR-20 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01 IO-15 IGA-02

EUR-25 ARA-16 EA-11 AF-10 DODE-00 PM-07 H-03 L-03

NSC-10 PA-03 PRS-01 SS-15 USIA-15 ACDA-19 DRC-01 /265 W

----- 118877

R 011255Z OCT 73

FM AMEMBASSY COLOMBO

TO SECSTATE WASHDC 83

LIMITED OFFICIAL USE COLOMBO 2459

E.O. 11652: N/A

TAGS: ECON, CE

SUBJ: PRIME MINISTERS FOOD SPEECH: KEY POINTS AND
PRELIMINARY REACTIONS

REF: A) COLOMBO 2430 AND B) COLOMBO 2120

1. SUMMARY: BASED ON PUBLISHED FULL TEXT
MRS BANDARANAIAKES SEPT 29 RADIO ADDRESS ON GSL
ACTIONS TO MEET FOOD CRISIS, GSL IS TRYING HARD TO
FACE SQUARELY AND EXPLAIN FULLY CIRCUMSTANCES AND REASONS
FOR GSL ACTIONS TO REDUCE CONSUMPTION AND INCREASE
PRODUCTION. ANY REAL RESULTS OF "FOOD WAR" ALREADY
ANNOUNCED AND NEW PRODUCTION INCENTIVES WILL, OF COURSE,
BE LAGGED AND WILL REQUIRE DETAILED INVESTIGATION TO
SUPPORT POSITIVE CONCLUSION. IMMEDIATE ROUGH ANALYSIS
OF RATION CUTS/PRICE INCREASES IS THAT ACTIONS WILL
DEFER BY ONE MONTH OR SO GSL-ANNOUNCED RICE DEFICIT POINT TO
JAN/FEB 1974, WHILE ACTIONS
TOWARD FLOUR AND SUGAR MAY SOMEWHAT REDUCE DEMAND FOR THOSE
COMMODITIES. THESE VERY TENTATIVE CONCLUSIONS, OF
LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 02 COLOMB 02459 020545Z

COURSE, PRESUME PUBLIC ACCEPTANCE AND COOPERATION WITH
MEASURES. TO OUR BEST KNOWLEDGE, CIVIL ORDER PREVAILS ON
THIS THE FIRST DAY NEW MEASURES IN EFFECT. DESPITE THESE
ACTIONS, HOWEVER, WE BELIEVE SRI LANKAS FOOD SHORTAGE

STILL VERY SERIOUS WITH CONTINUED THREAT OF SERIOUS
HARDSHIP AND CIVIL DISRUPTION (SEE SEPTTEL FOR PL 480
RECOMMENDATION). END SUMMARY.

2. PRIME MINISTERS SEPT 29 BROADCAST ADDRESS

BEGAN WITH SEVERAL REASONS FOR SRI LANKAS PRESENT
SERIOUS FOOD SHORTAGE. INTERNATIONALLY, SHE POINTED
TO DROUGHT AND FLOOD CONDITIONS IN WHEAT AND FLOUR-
PRODUCING COUNTRIES, VERY LARGE PURCHASES BY COUNTRIES
NORMALLY NET EXPORTERS OR LARGELY SELF-SUFFICIENT (USSR,
INDIA, ARGENTINA, ETC.), AND DESPERATE CONDITIONS IN
WEST AFRICA, PAKISTAN AND INDIA DUE TO DROUGHT AND FLOODS.
DOMESTICALLY, SHE MENTIONED DROUGHT CONDITIONS "OF
VARYING INTENSITY" SINCE 1971, BUT BLUNTEST: MOST
SIGNIFICANT LANGUAGE WAS: "THE LURE OF CHEAP FOOD
HERETOFORE AVAILABLE AT ALL TIMES ON THE WORLD MARKET
LULLED (CEYLONESE) GOVTS INTO FALSE SENSE OF
SECURITY WHICH LED TO A NEGLECT OF DOMESTIC FOOD
PRODUCTION. THIS SECURITY IS NO LONGER THERE --
ADVERSITY HAS (IN PAST) ACTED AS A GREAT SPUR TO NATIONAL
RECONSTRUCTION AND DEVELOPMENT -- IT IS MY BELIEF
THAT THAT MOMENT OF HISTORY HAS DAWNED FOR US".

2. PRIME MINISTER THEN DESCRIBED IN DETAIL SUPPLY
SITUATIONS FOR RICE, FLOUR, AND SUGAR, AND MEASURES
GSL PROPOSED TO TAKE (SUMMARIZED IN REF A).
OUR ROUGH PRELIMINARY ESTIMATE OF EFFECTS OF THESE
MEASURES IS AS FOLLOWS.

3. RICE: PRIME MINISTER SAID CURRENT STOCKS INCLUDING
PROJECTED ARRIVALS OF SHIPMENTS FROM CHINA WOULD BE
EXHAUSTED IN DECEMBER IF FULL MEASURE CONTINUED. THUS,
NO RATIONED RICE WOULD BE AVAILABLE FROM JAN-APRIL
1974 WHEN MAHA CROP BEGINS HARVEST. ALTHOUGH FIGURES
REQUIRE CONFIRMATION BY FOOD COMMISSIONER, WE SPECULATE
CUTTING TO HALF MEASURE COULD SAVE ABOUT 20,000 TONS
FROM PREVIOUS 65,000 TONS PER MONTH TOTAL DISTRIBUTION
LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 03 COLOMB 02459 020545Z

FIGURE. THUS, FOR MONTHS OCT, NOV, DEC,
ABOUT 60,000 TONS WOULD BE SAVED, WHICH IN TURN WOULD
COVER MONTH OF JAN AND POSSIBLY SOME OF FEB.
MARCH GAP WOULD STILL EXIST UNLESS SAVINGS FROM
RATION DISTRIBUTION GREATER AND ASSUMING NORMAL AND TIMELY
MAHA HARVEST.

4. WHEAT FLOUR: RATIONING AND INCREASED PRICE OF
WHEAT FLOUR PLUS REQUEST TO BAKERIES TO PRODUCE ONLY ESSENTIAL
BAKED PRODUCTS, IN ADDITION TO BREAD PRICE INCREASE,
WILL PROBABLY NOT GREATLY CHANGE PREVIOUSLY PROJECTED RATE OF
DEFICIT IN MARCH 1974 (SEE REF B). IN VIEW COMPLEXITY

OF RATIONING/PRICING ACTIONS IN TERMS CONSUMPTION PROPENSITIES, ESPECIALLY IN VIEW SUBSTITUTABILITY OF WHEAT FLOUR FOR NOW LESS AVAILABLE RICE, PRECISE PROJECTION OF EFFECT ON GSL FLOUR STOCKS NOT POSSIBLE NOW. MORE ACCURATE PICTURE SHOULD EMERGE AFTER FIRST THIRTY DAYS.

5. SUGAR: REDUCTION IN RATION AND INCREASED OFF-RATION PRICE SHOULD REDUCE CONSUMPTION. PRICE OF A CUP OF TEA (WHICH CEYLONESE INVARIABLY SWEETEN HEAVILY) HAS ALREADY GONE UP IN HOTELS AND RESTAURANTS.

6. WAGE INCREASES AND PRODUCTION INCENTIVES: PRIME MINISTER COVERED THESE IN SOMEWHAT MORE DETAIL THAN REF A. EFFECT OF MARGINAL WAGE INCREASES ON URBAN AND ESTATE WORKERS ABILITY TO PURCHASE MORE COSTLY STAPLES HAS ALREADY BEEN CRITICIZED AS INADEQUATE IN PRESS BY LSSP-AFFILIATED CEYLON FEDERATION OF LABOR. "FOOD WAR" WHICH IN TRAIN SEVERAL WEEKS NOW AND NEWLY ANNOUNCED FINANCIAL PRODUCTION INCENTIVES (IN ADDITION TO INCREASED GUARANTEED PRICE, FERTILIZER AND CREDIT AVAILABILITIES ARE INCREASED) ARE NOT POSSIBLE TO ANALYZE AT THIS EARLY JUNCTURE.

7. OTHER GSL ACTIONS: IN ANTICIPATION POSSIBLE DISTURBANCES FOLLOWING ANNOUNCEMENT, DATT IS INFORMED, ARMED FORCES ARE ON ALERT FOLLOWING GSL REQUESTS FOR INCREASED SECURITY OF FOOD STORAGE FACILITIES AND POSSIBLY DISTRIBUTION POINTS. POLICE AND SOME ARMY PATROLS PREVALENT AND NOTICEABLY MORE ALERT THAN IN PAST WEEKS. LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 04 COLOMB 02459 020545Z

8. THE OPPOSITION: ACCORDING TO PRESS, PRIME MINISTER HAS CALLED ON OPPOSITION TO COOPERATE IN DEALING WITH FOOD CRISIS, INCLUDING INVITING OPPOSITION MP'S TO PARTICIPATE IN CENTRAL AND PROVINCIAL FOOD PRODUCTION AND DISTRIBUTION ACTIVITIES. HOWEVER, ON SEPT 29, OPPOSITION LEADER J.R. JAYAWARDENE, AT MASS PROVINCIAL MEETING PROTESTING GSL MEASURES, SAID UNITED FRONT (UF) GOVT WAS COMPLETELY AND FULLY RESPONSIBLE FOR PRESENT RICE CRISIS. CITING FOOD CAMPAIGN UNDER PREVIOUS UNP GOVT, HE LAID FULL RESPONSIBILITY ON PRESENT GOVT FOR FALL IN RICE PRODUCTION SINCE UF TOOK POWER. PROSPECTS FOR COOPERATION APPEAR DIM.

9. SO FAR, BY OBSERVATION IN COLOMBO, PUBLIC REACTION HAS BEEN CALM. QUEUES FOR BREAD AND FLOUR DOUBLED AND TRIPLED FOLLOWING ANNOUNCEMENT IN ANTICIPATION EFFECTIVE DATE NEW ACTIONS.

10. COMMENT: ON ASSUMPTION THERE IS NO HYPERBOLE IN GOVTS PROGRAM, THE MOST IMPORTANT REAL EFFECT, IN

SHORT TERM, SHOULD BE TO EXTEND CLEARLY SCARCE RICE
SUPPLIES, AND COULD, IN LONG-TERM, BEGIN TO CONTRACT
QUANTITATIVE DIMENSION OF GSL SUBSIDY PROGRAM
(EVEN THOUGH SHORT TERM COST MAY NOT BE SUBSTANTIALLY
REDUCED.) POLITICAL REPERCUSSIONS REMAIN TO BE SEEN.
ATAN HOLLEN

LIMITED OFFICIAL USE

<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: X
Capture Date: 11 MAY 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOOD SHORTAGE, FOODS, RATIONING, ECONOMIC CONTROLS, SPEECHES
Control Number: n/a
Copy: SINGLE
Draft Date: 01 OCT 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973COLOMB02459
Document Source: ADS
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Film Number: n/a
From: COLOMBO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731065/abqceesg.tel
Line Count: 171
Locator: TEXT ON-LINE
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: A) COLOMBO 2430 AND B) COLOMBO 2120
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 07 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <07-Jan-2002 by willialc>; APPROVED <23-Jan-2002 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRIME MINISTERS FOOD SPEECH: KEY POINTS AND PRELIMINARY REACTIONS
TAGS: ECON, CE
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005